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R 181447Z AUG 06
FM AMEMBASSY RIGA
TO RUEHC/SECSTATE WASHDC 3260
INFO RUEHBS/AMEMBASSY BRUSSELS 0079
RUEHSM/AMEMBASSY STOCKHOLM 1056
RUCPDC/USDOC WASHDC

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SIPDIS

STATE FOR EB/CBA/B. WALTERS

STOCKHOLM AND BRUSSELS FOR FCS

SENSITIVE

SIPDIS

E.O. 12958: N/A

TAGS: [ETRD](#) [EINV](#) [BEXP](#) [PREL](#) [LG](#)

SUBJECT: COCA-COLA STILL FIGHTING LATVIAN MINISTRY OF HEALTH OVER
PROPOSED REGULATIONS

REF: A) RIGA 00528, B) RIGA 00566, C) 00552

¶1. (SBU) SUMMARY. DURING THE PAST SEVERAL WEEKS, COCA-COLA HAS MET WITH GOL OFFICIALS AT BOTH THE HEALTH AND EDUCATION MINISTRIES TO PRESS THE GOVERNMENT TO WITHDRAW PROPOSED REGULATIONS ON SOFT DRINK SALES IN SCHOOLS. ON AUGUST 2, POST ARRANGED FOR THE MINISTER OF ECONOMICS TO VISIT COCA-COLA'S LOCAL DISTRIBUTION FACILITIES ALONG WITH THE AMBASSADOR. THE MINISTER WAS VERY RESPONSIVE AND EXPRESSED SUPPORT FOR COCA-COLA'S POSITION ON THE ISSUE. THE FOREIGN MINISTRY, THE ECONOMICS MINISTRY, AND THE PRIME MINISTER'S OFFICE HAVE BEEN VERY RESPONSIVE TO POST AND COCA-COLA'S EFFORTS. HOWEVER, THE MINISTRY OF HEALTH (MOH) HAS DUG IN ITS HEELS AND MAINTAINS ITS SUPPORT FOR THE PROPOSED BAN. IT IS LIKELY THAT THE MINISTER OF HEALTH IS USING THE PROPOSED REGULATIONS TO RAISE HIS PROFILE AND GARNER PERSONAL PUBLICITY DURING AN ELECTION YEAR. GOING FORWARD, COCA-COLA PLANS TO FOCUS ITS ENERGIES ON IMPLEMENTING A PILOT PROJECT IN RIGA SCHOOLS. THE AIM OF THE PROGRAM IS TO DEMONSTRATE THE VIABILITY OF A SELF-REGULATED APPROACH TO REDUCE SOFT DRINK SALES IN SCHOOLS. END COMMENT.

¶2. (SBU) AS PART OF ONGOING EFFORTS TO GET THE GOL TO TAKE A COLLABORATIVE APPROACH TOWARDS REGULATING SOFT DRINK SALES IN SCHOOLS (REFTEL A), AMBASSADOR BAILEY AND MINISTER OF ECONOMICS AIGARS STOKENBERGS VISITED THE COCA-COLA DISTRIBUTION CENTER OUTSIDE RIGA AUGUST 2. THE VISIT STARTED WITH A TOUR OF THE PLANT AND WAS FOLLOWED BY A PRESENTATION FROM COCA-COLA. DURING THE PRESENTATION COCA-COLA DISCUSSED THE PROPOSED BAN AND ADVANCED ITS ALTERNATIVE APPROACH TO THE ISSUE. MINISTER STOKENBERGS EXPRESSED HIS SUPPORT FOR COLLABORATION BETWEEN GOVERNMENT AND BUSINESS IN GENERAL AND STATED THAT HE WOULD "NOT SUPPORT ANY POLITICIAN ADVANCING HIS PERSONAL AMBITIONS" AT THE EXPENSE OF THE OVERALL BUSINESS ENVIRONMENT IN LATVIA. [NOTE: THIS WAS A NOT VERY SUBTLE ALLUSION TO HEALTH MINISTER GUNDARS BERZINS, WHO IS OF THE SAME PARTY AS STOKENBERGS, BUT A DIFFERENT FACTION.]

¶3. (SBU) UNABLE TO GET A MEETING WITH MINISTER BERZINS HIMSELF, COCA-COLA PARTICIPATED IN SEVERAL MEETINGS WITH THE MINISTRY OF HEALTH AT THE STATE SECRETARY OR LOWER LEVEL DURING THE LAST SEVERAL WEEKS. THE GENERAL ATTITUDE AT THE POLITICAL LEVEL OF THE MOH IS THAT THE PROPOSED BAN IS GOOD FOR CITIZENS, AND THERE IS LITTLE INTEREST IN COCA-COLA'S PROPOSED SELF-REGULATION. NEVERTHELESS, THE HEALTH MINISTRY PRAISED COCA-COLA'S IDEA FOR A PILOT PROJECT DEMONSTRATING THE MERITS OF SELF-REGULATION. COCA-COLA IS MOVING FORWARD WITH THIS PROJECT IN 25 SCHOOLS IN RIGA, AND HOPES THIS PROGRAM CAN SERVE AS A BRIDGE BETWEEN THE COMPANY AND THE HEALTH MINISTRY.

¶4. (SBU) ON AUGUST 3, COCA-COLA MET WITH THE MINISTRY OF EDUCATION (MOE) AND SEVERAL NGO'S. ACCORDING TO COCA-COLA, THE MOE WAS MORE

BALANCED THAN THE HEALTH MINISTRY HAD BEEN, AND APPEARS FOCUSED ON OTHER ISSUES. THE LATVIAN TRADERS ASSOCIATION ATTENDED THIS MEETING AND PROVIDED FULL SUPPORT FOR COCA-COLA'S VOLUNTARY APPROACH BASED ON INDUSTRY GUIDELINES.

15. (SBU) ON AUGUST 16, RAIMOND MADE, COCA-COLA'S PUBLIC AFFAIRS MANAGER FOR THE BALTIC REGION, TOLD EMBOFF THAT COCA-COLA HAS EXPLORED ALL POSSIBLE ROUTES OF DISCUSSION WITH THE GOL. NOW COCA-COLA PLANS TO MOVE FROM "WORDS TO WORK." THE COMPANY HAS ALREADY BEGUN IMPLEMENTING ITS PROPOSED PILOT PROJECT IN 25 SCHOOLS AROUND RIGA. THIS PROGRAM HAS RECEIVED SUPPORT FROM THE RIGA CITY GOVERNMENT, AND HAS BEEN EMBRACED BY THE SCHOOLS THAT WERE INVITED TO PARTICIPATE. COCA-COLA HOPES TO SEE THE INITIAL RESULTS FROM THIS PROJECT BY MID-SEPTEMBER AND PLANS TO PRESENT THE RESULTS TO THE GOL.

16. (SBU) COMMENT: AFTER MUCH LOBBYING BY POST AND OTHER SOURCES, THE MOH FINALLY RELENTED AND AGREED TO MEET COCA-COLA FOR SEVERAL DISCUSSIONS (DESCRIBED ABOVE) AT SENIOR OFFICIALS' LEVEL. HOWEVER, THE MOH HAS STOOD FIRM BEHIND THE PROPOSED BAN, AND THE MEETINGS HAD LITTLE EFFECT ON MINISTER BERZINS' POSITION. COCA-COLA HAS EXPRESSED SATISFACTION THAT, AFTER A MAJOR FLARE UP IN LATE JULY, THERE HAS BEEN RELATIVELY LITTLE PRESS ATTENTION GIVEN TO THE TOPIC DURING THE LAST FEW WEEKS. IT APPEARS THE ISSUE WILL BOIL DOWN TO A TEST OF WILLS IN THE CABINET, WITH THE ECONOMIC AND FOREIGN MINISTRIES LIKELY SUPPORTING COCA-COLA AND THE MINISTRY OF HEALTH PUSHING FOR A BAN. GIVEN ELECTION YEAR POLITICS, THE UPSHOT OF THIS FIGHT IS STILL UNKNOWN. POST WILL CONTINUE TO STRENUOUSLY PRESS COCA-COLA'S CASE AND ENSURE THAT THE GOL KNOWS THAT THIS ISSUE REMAINS HIGHLY IMPORTANT TO THE USG. END COMMENT.

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